

Message Text

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PAGE 01 EC BRU 07704 032029Z

62

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 SWF-02 AID-05 CEA-02 CIAE-00

COME-00 EB-12 FRB-03 INR-11 NSAE-00 RSC-01 CIEP-03

SP-03 STR-08 TRSE-00 LAB-06 SIL-01 SAM-01 OMB-01 L-03

SS-20 NSC-07 SAJ-01 FEA-02 SCI-06 PA-04 USIA-15 PRS-01

DRC-01 /159 W

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R 031848Z OCT 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 7573

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ETRD, EEC, CAN

SUBJECT: EC/CANADIAN AGREEMENT

REFS: A) STATE 215361 B) OTTAWA 3188 C) LONDON 12787

1. SUMMARY: THE COMMUNITY IS CONTINUING ITS
INTERNAL DISCUSSION OF HOW TO RESPOND TO THE
CANADIAN PROPOSAL FOR A "CONTRACTUAL RELATIONSHIP".

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PAGE 02 EC BRU 07704 032029Z

IT IS LIKELY THAT WHEN TRUDEAU VISITS BRUSSELS

HE WILL BE INFORMED THAT THE COMMUNITY AGREES TO THE NEGOTIATION OF SUCH A LINK. HOWEVER, THE PRECISE NATURE OF THE AGREEMENT TO BE NEGOTIATED REMAINS UNDECIDED. END SUMMARY.

2. FIELDING, THE EC COMMISSION'S DIRECTOR FOR NORTH AMERICAN RELATIONS, ASKED A MISSION OFFICER EARLIER THIS WEEK WHAT USG VIEWS WERE ON THE CANADIAN PROPOSAL FOR AN EC/CANADA AGREEMENT. ON OCTOBER 3 A MISSION OFFICER CONVEYED THE POINTS IN REF A TO FIELDING. (FIELDING NOTED THAT THESE POINTS DID NOT DISCUSS AN ECONOMIC COOPERATION AGREEMENT. WE SAID THAT OUR INSTRUCTIONS DID NOT ADDRESS COOPERATION AGREEMENTS AND IT WOULD BE DIFFICULT TO RESPOND WITHOUT KNOWING SUCH AN AGREEMENT'S SCOPE.)

3. FIELDING TOOK CAREFUL NOTE OF THE POINTS MADE AND THEN WENT ON TO DISCUSS THE STATUS OF COMMUNITY DELIBERATIONS. HE THOUGHT THAT COMMUNITY OPINION WAS JELLING ON A REPLY TO TRUDEAU STATING THAT THE CANADIANS COULD HAVE THE "CONTRACTUAL RELATIONSHIP" THEY WANT, AND AGREEING THAT NEGOTIATIONS REGARDING SUCH A RELATIONSHIP SHOULD BEGIN. THE COMMUNITY WOULD NOT DECIDE NOW THE QUESTION OF PRECISELY WHAT SORT OF AGREEMENT SHOULD BE NEGOTIATED---I.E. WOULD NOT NOW COME DOWN HARD FOR EITHER A TRADE AGREEMENT OR AN ECONOMIC COOPERATION AGREEMENT. FIELDING SUSPECTED THAT THE FINAL RESULT WOULD BE AN INTERMEDIATE SORT OF AGREEMENT INVOLVING A WATERED-DOWN TRADE AGREEMENT, PLUS SOME ADDITIONAL ELEMENTS CONCERNING ECONOMIC RELATIONSHIPS OUTSIDE THE TRADE FIELD. HE NOTED THAT A COUPLE OF MEMBER STATES WERE SKEPTICAL ABOUT AN ECONOMIC COOPERATION AGREEMENT; ON THE OTHER HAND, AT LEAST ITALY WAS ENTHUSIASTIC ABOUT THAT IDEA. THE STAND TO BE TAKEN BY THE COMMUNITY AT THE TIME OF THE TRUDEAU VISIT WILL BE DISCUSSED BY THE COMMITTEE OF PERMANENT REPRESENTATIVES FRIDAY, OCTOBER 4 AND BY THE COUNCIL OF MINISTERS MEETING OF MID-LIMITED OFFICIAL USE

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PAGE 03 EC BRU 07704 032029Z

OCTOBER.

4. FIELDING'S DISCUSSION IS LARGELY SUBSTANTIATED BY A GERMAN PERMDEL SOURCE. THE SOURCE STATED THAT SEVERAL MEMBER STATES, INCLUDING HIS OWN, WERE OPPOSED TO AN ECONOMIC COOPERATION AGREEMENT MAINLY BECAUSE OF THE INCREASE IN COMMISSION POWERS THAT WOULD BE INVOLVED IN SANCTIONING

SUCH AN AGREEMENT. THIS SOURCE THOUGHT THAT THE COMMUNITY WOULD WIND UP OFFERING A TRADE AGREEMENT PLUS AN "EVOLUTIONARY CLAUSE".

5. ON OCTOBER 2 LANGLEY, THE CANADIAN AMBASSADOR TO THE EC, MENTIONED TO AMBASSADOR GREENWALD A REPORT THAT HE HAD RECEIVED OF EMBASSY LONDON'S DISCUSSION OF THIS SUBJECT WITH THE BRITISH GOVERNMENT (REF C). AMBASSADOR GREENWALD INFORMED LANGLEY THAT WE INTENDED TO RESPOND TO COMMISSION INQUIRIES ON THIS SUBJECT. ON OCT. 3 A MISSION OFFICER CONFIRMED TO A CANADIAN MISSION OFFICER THAT THE MATTER HAD BEEN DISCUSSED WITH FIELDING AND ALSO WENT OVER THE POINTS IN REF A. THE CANADIAN MISSION OFFICER'S ASSESSMENT OF WHERE THE NEGOTIATION WILL COME OUT WAS SIMILAR TO THAT OF FIELDING AND OF THE GERMAN PERMDEL OFFICER. HE WENT ON TO NOTE THAT WHAT SOME IN THE COMMISSION WERE REALLY INTERESTED IN WAS AN AGREEMENT ON SUPPLY OF RAW MATERIALS AND ENERGY. WE TOLD HIM THAT INCLUSION OF SUCH PROVISIONS IN AN EC-CANADA AGREEMENT WOULD SEEM LIKELY TO AROUSE STRONG FEELINGS IN THE US IN THE LIGHT OF THE STATEMENTS IN PARA 2 OF REF A REGARDING THE NEED TO FIND MULTILATERAL SOLUTIONS TO SUCH PROBLEMS.

6. COMMENT: IT SEEMS CLEAR THAT THE COMMISSION AND THE NINE ARE AGREED THAT THE STRONG CANADIAN DESIRE FOR A FORMAL EC-CANADA AGREEMENT CANNOT BE REBUFFED. WHAT IS AT ISSUE IS THE PARTICULAR SORT OF AGREEMENT. THE ARGUMENT WITHIN THE COMMUNITY IS LARGELY A TRADITIONAL COMMISSION LIMITED OFFICIAL USE

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PAGE 04 EC BRU 07704 032029Z

VERSUS MEMBER STATE ONE OVER THE COMMISSION'S POWERS. SIGNS POINT TO A COMPROMISE EMBODYING A TRADE AGREEMENT PLUS SOME ADDITIONAL ELEMENTS. END COMMENT. MYERSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC COOPERATION, FOREIGN RELATIONS, MINISTERIAL MEETINGS, NEGOTIATIONS, TRADE AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 03 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ECBRU07704
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740280-0805
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741077/aaaacnlc.tel
Line Count: 158
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A) STATE 215361 B) OTTAWA 3188 C) LO, NDON 12787
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 03 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 APR 2002 by boyleja>; APPROVED <24 JUL 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EC/CANADIAN AGREEMENT
TAGS: ETRD, CA, US, EEC, (TRUDEAU, PIERRE), (FIELDING)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005